

Rent Controls Public Hearing Tuesday, February 28 @ 10:00 AM

My name is Brian Liistro, I am a second generation Multifamily Developer, Construction Manager, Owner Operator and of Multifamily Housing.

I am opposing

S.B. No. 4 AN ACT CONCERNING CONNECTICUT'S PRESENT AND FUTURE HOUSING NEEDS.

Our second generation family business clearly understands what it takes to provide high quality services as a high quality "Housing Provider" delivering exceptional resident care to our valued senior population as well as the market rate residential population. Our second-generation organization makes a commitment to participate with various industry associations that keep our organization informed and in check with housing law, state and local regulations, including market conditions and standards and current rental market rent increases. Our membership, commitment and relationship to various associations related to housing is what keeps our organization in compliance. The Connecticut Apartment Association, Connecticut Home Builders and Remodelers Association with state & local chapters with the national organization's guidance, provide us with the resources that make our organization an ethical and compliant organization providing exceptional client services to all of our residents.

It is because of our longtime memberships with various national organizations such as the National Apartment Association and the National Association of Home Builders that both provide ownership to a strict code of ethics that keep compliant members in check. And if a complaint occurs, I can assure you the local association chapter will be addressing the complaint immediately with the member. So anything such as price overcharging - gouging occurring or Life Safety issues not being addressed, I am absolutely certain that the association's leadership will address the violation or grievance immediately. An association member must be absolutely certain their reputation is not tarnished at any time, or their marketing campaigns and reputation will tarnish forever.

Our reputation is important but our financial health and resources including lender compliance are consistently monitored regularly by our lenders which regularly exercise audits checking and rechecking as it pertains to commercial finance

transactions. One of these commercial financial transactions are known as EBITDA. While EPITDA and Capitalization rates for those who do not know are two metrics used as a proxy for the cash flow and value of multifamily operations. A multifamily lender will calculate EBITDA in order to evaluate a multifamily property's operating performance. If our lender discovers that the multifamily performance of a certain community or property is not meeting the lender's expectations, there will be serious violation of the loan agreement documents of the borrower's relationship with the lender. If the operating performance EBITDA is failing and not meeting the lender's expectations the note or loan will be called. An example of this is if the month to month or the (T-12) or (T-6) review of revenue is showing a decrease in revenue collections – receivables, there will be concerns that the lender will address with the borrower. This failing result with the revenue collections puts the loan in jeopardy. This is why our valued and trusted residents are required to pay their monthly rents every month as the written apartment contract or lease requires. During COVID months the UNITE-CT was a valued and very much appreciated program that was implemented in the State of Connecticut. Over the past seventeen years our market rate rental increases have not been over three percent. We encourage our residents to remain in their apartments for a long period of time. Having our residents stay in their homes for a longer period of time provides a sense of community and safe environment that is priceless and takes years to develop.

I just do not know of any members in the various associations we have chosen to partner with that have increased on their rents at these outrageous numbers of 20 and 30%, I just do not see this happening. I have provided some attached data from a third party research source of what they have found the market rent increases to have been over the past seventeen years.

I would recommend in an effort to reduce rents it is as simple as supply and demand. Connecticut has some of the highest quality, diversified and most well financed construction talent in the country. Some of the highest quality and most competent construction firms along with some of the best Multifamily Property Management organizations are right here between New York City and Boston. This housing supply problem and affordability should not be happening in Connecticut. And the problem can be corrected with high density zoning, energy efficiency

modifications to accommodate modular, premanufactured components offering streamlined, affordable construction with thousands of people being employed.

Installing rent caps or rent controls will create a shortage and limit the supply of our current precious housing stock. Quality developers, multiple generation owners and lenders will leave the state for another state that is looking to develop more high quality housing communities. Boston, New York, and California have all had rent controls. Some of those same states and cities are looking to bring rent controls back. But what those same states and cities are currently researching what Rent Controls did to their cities, states and residents of their communities during the 1970's and 1980's, and it was devastating for the rental population and that is why rent controls were removed in Boston in 1994.

I want to thank you for allowing me to provide you this information, but I would encourage you to reevaluate what can be done to reduce market rate rents in the State of Connecticut. We can all work together and correct this problem.

Thank you! Brian Liistro